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# MARTIN-McNEELY MINES, LIMITED

## *Annual Report*



*For the Year Ended December 31, 1972*

# Martin-McNeely Mines, Limited

## DIRECTORS

[illegible]

## OFFICERS

[illegible]

### Transfer Agent and Registrar

CANADA PERMANENT TRUST COMPANY  
Toronto, Ontario

## Auditors

ALLEN, MILES, FOX & JOHNSTON, TORONTO

## Head Office

Suit 3914, Royal Trust Tower  
Toronto Dominion Centre  
Toronto, Ontario M5K 1K2

## ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 2:30 p.m., Monday, June 11, 1973, in the Nova Scotia Room, Royal York Hotel, Front Street West, Toronto, Ontario.



# MARTIN-McNEELY MINES, LIMITED

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## TO THE SHAREHOLDERS,

Your Directors submit herewith the Annual Report of the Company for the year ended December 31, 1972. Included are audited financial statements for the 1972 fiscal period along with audited financial statements covering Annco Mines Limited (44.8% owned) and Wilmar Mines Limited (43.8% owned).

As shareholders are aware, no mining operations were carried out on either of the Annco or Wilmar properties during the past year.

## WILMAR MINES LIMITED

On the basis of a significant increase in the price of gold with indications of stability above \$75.00 per ounce your company, along with Cochenour Willans Gold Mines Limited (operations manager for both Annco and Wilmar) has recently agreed to finance an exploration program on the Wilmar property. Initially, the program will consist of both surface and underground drilling, the results of which will determine subsequent production planning. Provided sufficient potential ore is outlined, development work would be carried on prior to a final production decision being made. The Cochenour mill remains intact and thus no large capital expenditures are foreseen if results justify re-opening of the mine.

## VIKING NATURAL GAS PARTICIPATION

The company during the year acquired a 12½% working interest in 37,000 acres in the Viking Area of east central Alberta. Voyageur Petroleum Limited, Farmor, has the right to convert its royalty interest into a 50% working interest after payout. Initially, a total of six wildcat wells were drilled on the acreage, five of which have been completed as potential gas wells.

Subsequently, the operator of the project obtained a farmout from Pan Canadian Petroleum which required the drilling of an additional seven wells to earn an interest in a further 23,000 acres of infill acreage in the area. Seven wildcat wells have been drilled on this infill acreage to date, six of which have been completed as potential gas wells.

These eleven wells which have been completed to date have discovered gas in several zones, mainly, the Belly River sand, Viking sand, Sparky sand, Glauconitic sand, and the Devonian limestone. At the present time there is insufficient drilling data to accurately calculate reserves. However, indications are such that the ultimate reserves should support a market rate of 30-million cubic feet per day gross.

It is currently estimated that the initial producing rate from this field, after drilling a further twelve development wells, will be 9-million cubic feet per day in November of this year and should result in a cash flow to Martin-McNeely of a minimum of approximately \$60,000 per year at a gas price of 25¢ per 1,000 cubic feet. As the acreage is further developed in 1974 it is expected that the producing rate will increase to 12-million cubic feet per day resulting in a cash flow to Martin-McNeely of \$75,000 per year.

The company expects that the 12-well development program will be underway shortly, including gathering system and compressors, and Martin-McNeely's share of this development will be approximately \$125,000.00. It is anticipated that the majority of these funds can be financed on the basis of the proven and probable reserves established to date.

## GENERAL

The company's working capital position, although depleted to some extent by its participation in the natural gas venture, remains favourable based on the current value of its investment portfolio. Depending upon the success of the exploration program on the Wilmar Mine the company may require some additional financing later in the year and your directors will be considering the most favourable route which the company might follow, should further financing be required.

On behalf of the Board,

G. T. SMITH,

President.

# MARTIN-McNEE

*Incorporated under the*

## Balance Sheet as at

*(with comparative figures for 1971)*

### ASSETS

#### Current Assets

	1972	1971
Cash .....	\$ 13,032	\$ 529
Short-term investments, at cost .....	25,000	—
Marketable securities, at cost (quoted market value \$327,226; \$327,045 in 1971) .....	308,604	346,467
Accounts receivable .....	7,416	2,884
	<u>354,052</u>	<u>349,880</u>

#### Participation in Other Mining Companies

Shares in other companies, at cost less amounts written off (no quoted market value) .....	<u>21,624</u>	<u>21,624</u>
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#### Mining Properties

Patented mining claims situated in the Township of Dome in the District of Patricia, Ontario, at cost .....	<u>99,470</u>	<u>99,470</u>
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#### Deferred Charges and Other Assets

Participation in mining syndicates, at nominal value .....	8	8
Deferred exploration and administrative expenditures .....	198,451	138,835
	<u>198,459</u>	<u>138,843</u>
	<u>\$ 673,605</u>	<u>\$ 609,817</u>



# INES, LIMITED

he Province of Ontario

December 31, 1972

at December 31, 1971)

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Current Liabilities

	1972	1971
Accounts payable and accrued liabilities .....	\$ 1,195	\$ 1,030

### Shareholders' Equity

#### Capital Stock

Authorized and issued		
6,000,000 shares of \$1. par value .....	6,000,000	6,000,000
Less discount on shares .....	4,312,181	4,312,181
	1,687,819	1,687,819
Deficit .....	1,015,409	1,079,032
	672,410	608,787

Approved on behalf of the Board:

G. T. SMITH, Director

R. E. FASKEN, Director

\$ 673,605	\$ 609,817
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# MARTIN-McNEELY MINES, LIMITED

## STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

For the Year Ended December 31, 1972  
(with comparative figures for 1971)

	1972	1971
Balance deferred January 1	\$ 138,835	\$ 139,723
<b>Exploration</b>		
Acreage and municipal taxes	106	108
Participation in farmout agreement, (note)	53,874	—
	<u>53,980</u>	<u>108</u>
<b>Administrative</b>		
Audit fees	1,000	1,000
Directors' fees	525	350
General administration expenses	1,200	1,450
General expense	820	318
Interest and bank charges	482	—
Office rent	600	600
Office salary and expense	528	517
Shareholders' information	2,974	2,483
Transfer agent's fees and expenses	1,898	2,134
	<u>10,027</u>	<u>8,852</u>
Total exploration and administrative expenditures for the year	<u>64,007</u>	<u>8,960</u>
Balance deferred before the following	<u>202,842</u>	<u>148,683</u>
Investment income		
Interest	201	4,038
Dividends	4,190	5,810
	<u>4,391</u>	<u>9,848</u>
Balance deferred December 31	<u>\$ 198,451</u>	<u>\$ 138,835</u>

# MARTIN-McNEELY MINES, LIMITED

## STATEMENT OF DEFICIT For the Year Ended December 31, 1972 (with comparative figures for 1971)

	1972	1971
Deficit, January 1 .....	\$1,079,032	\$ 553,590
Add		
Loss on sale of investments .....	—	550
Shares in other companies written down .....	—	286,396
Participation in mining syndicates written off .....	—	1
Shares in wholly-owned subsidiary company written off .....	—	5,399
Advances to wholly-owned subsidiary company written off .....	—	213,096
Advances to Wilmar Mines Limited written off .....	—	20,000
	<u>1,079,032</u>	<u>1,079,032</u>
Deduct		
Gain on sale of investments .....	62,775	—
Recovery of participation in mining syndicate .....	848	—
Deficit, December 31 .....	<u>\$1,015,409</u>	<u>\$1,079,032</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS For the Year Ended December 31, 1972 (with comparative figures for 1971)

	1972	1971
<b>Source of funds:</b>		
Investment income .....	\$ 4,391	\$ 9,848
Gain on sale of investments .....	62,775	—
Recovery of participation in mining syndicate .....	848	—
	<u>68,014</u>	<u>9,848</u>
<b>Application of funds:</b>		
Loss on sale of investments .....	—	550
Exploration and administrative expenditures .....	64,007	8,960
Participation in other mining companies .....	—	703
	<u>64,007</u>	<u>10,213</u>
Increase (decrease) in working capital .....	4,007	(365)
Working capital January 1 .....	348,850	349,215
Working capital December 31 .....	<u>\$ 352,857</u>	<u>\$ 348,850</u>



# MARTIN-McNEELY MINES, LIMITED

## SHARES IN OTHER MINING COMPANIES

December 31, 1972

	Shares	Cost less amounts written off
Annco Mines Limited .....	1,301,668	\$ 1
Bruno Mining Corporation (shares escrowed) .....	10,000	1
Lake Expanse Gold Mines Limited .....	15,000	1,333
Luxor Red Lake Mines Limited .....	197,500	9,875
Marmattagami Mines Limited (135,000 shares escrowed) .....	160,000	10,413
Wilmar Mines Limited .....	1,315,666	1
		<u>\$ 21,624</u>

## NOTE TO FINANCIAL STATEMENT

December 31, 1972

The company has acquired a 12½ % interest in a farmout agreement on certain lands in the Viking Area of Alberta subject to overriding royalties and an option to convert an overriding royalty to a 50% working interest which would result in the company's interest being reduced to 6¼ %.

Under the terms of the farmout agreement, six wells have been drilled and results are currently being evaluated. The company's 12½ % share of the costs to date amounting to \$53,874 has been included in deferred exploration costs.

## AUDITORS' REPORT

To the Shareholders of  
MARTIN-McNEELY MINES, LIMITED

We have examined the balance sheet of Martin-McNeely Mines, Limited as at December 31, 1972 and the statements of deferred exploration and administrative expenditures, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
March 21, 1973

ALLEN, MILES, FOX & JOHNSTON  
Chartered Accountants



# ANNCO MINES LIMITED

(Incorporated under the laws of Ontario)

## BALANCE SHEET — DECEMBER 31, 1972 (with comparative figures at December 31, 1971)

ASSETS		1972	1971
<b>Current Assets</b>			
Cash .....	\$	497	\$ 493
Estimated Emergency Gold Mining Assistance receivable .....			2,815
		497	3,308
<b>Mining Claims (note 2)</b>			
Acquired by the issue of 1,166,663 shares of the capital stock of the company, valued at .....		58,333	58,333
	\$	58,830	\$ 61,641
LIABILITIES			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities .....	\$	750	\$ 800
Payable to parent company, Cochenour Willans Gold Mines, Limited .....		193,877	195,405
Total Liabilities .....		194,627	196,205
CAPITAL STOCK AND DEFICIT			
<b>Capital Stock (note 3)</b>			
Authorized			
3,000,000 Shares, par value \$1 each			
Issued			
2,906,668 Shares .....		2,906,668	2,906,668
Less discount thereon .....		2,192,330	2,192,330
		714,338	714,338
<b>Deficit</b> .....		850,135	848,902
		(135,797)	(134,564)
	\$	58,830	\$ 61,641

Approved by the Board:

J. E. J. FAHLGREN, Director

ROBERT M. SMITH, Director

## AUDITORS' REPORT

To the Shareholders of  
ANNCO MINES LIMITED

We have examined the balance sheet of Annco Mines Limited as at December 31, 1972 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada  
February 23, 1973

THORNE, GUNN & CO.,  
Chartered Accountants

# ANNCO MINES LIMITED

## STATEMENT OF INCOME

**Year Ended December 31, 1972**  
(with comparative figures for 1971)

Expenses	1972	1971
Administrative .....	\$ 933	\$ 1,842
Directors' fees .....	300	475
	<u>1,233</u>	<u>2,317</u>
Costs of bullion production, net of recoveries from sales and Government assistance (note 1) .....		1,202
Loss before the undernoted .....	1,233	3,519
Amortization of deferred development .....		22,878
Loss before extraordinary item .....	1,233	26,397
Write-off of deferred development (note 1) .....		137,875
<b>Loss for the Year</b> .....	<u>\$ 1,233</u>	<u>\$ 164,272</u>

## STATEMENT OF DEFICIT

**Year Ended December 31, 1972**  
(with comparative figures for 1971)

	1972	1971
Balance at beginning of year .....	\$ 848,902	\$ 684,630
Loss for the year .....	<u>1,233</u>	<u>164,272</u>
<b>Balance at End of Year</b> .....	<u>\$ 850,135</u>	<u>\$ 848,902</u>



# ANNCO MINES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1972  
(with comparative figures for 1971)

	1972	1971
Source of Funds .....	\$ NIL	\$ NIL
Application of Funds		
Loss before extraordinary item .....	1,233	26,397
Amortization of deferred development which does not involve current funds .....		22,878
	1,233	3,519
Decrease in Working Capital Position .....	1,233	3,519
Working Capital Deficiency at Beginning of Year .....	192,897	189,378
Working Capital Deficiency at End of Year .....	\$ 194,130	\$ 192,897

## NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1972

### 1. Discontinuance of Mining Operations

During 1971 the company discontinued active mining operations. As a result \$137,875 of deferred development charges were written off.

### 2. Mining Claims

The recovery of the costs of mining claims is dependent upon the increase and stabilization of the gold, and the subsequent commencement of mining operations.

### 3. Capital Stock

At December 31, 1972, Martin-McNeely Mines Limited, under the terms of certain agreements, had options to subscribe for 93,332 shares of the company's capital stock at \$1 per share.

### 4. Reclassification of Comparative Figures

The 1971 comparative figures on the statement of income have been reclassified to conform with the financial statement presentation adopted for 1972.

# WILMAR MINES LIMITED

(Incorporated under the laws of Ontario)

## BALANCE SHEET—DECEMBER 31, 1972 (with comparative figures at December 31, 1971)

ASSETS		
Current Assets	1972	1971
Cash .....	\$ 765	\$ 766
Estimated Emergency Gold Mining Assistance receivable .....		12,339
	<u>765</u>	<u>13,105</u>
Fixed Assets		
Equipment, at cost .....	10,284	10,284
Less accumulated depreciation .....	<u>5,721</u>	<u>4,916</u>
	4,563	5,368
Mining Claims (note 2)		
Acquired by the issue of 1,000,000 shares of the capital stock of the company, valued at \$100,000, less claims and surface rights sold .....	42,874	42,874
	<u>\$ 48,202</u>	<u>\$ 61,347</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities .....	\$ 750	\$ 750
Advances from shareholders		
Cochenour Willans Gold Mines, Limited .....	871,365	881,853
Martin-McNeely Mines Limited .....	<u>20,000</u>	<u>20,000</u>
Total liabilities .....	<u>892,115</u>	<u>902,603</u>
CAPITAL STOCK AND DEFICIT		
Capital Stock		
Authorized and issued		
3,000,000 Shares, par value 95¢ each .....	2,850,000	2,850,000
Less discount thereon .....	<u>1,516,669</u>	<u>1,516,669</u>
	1,333,331	1,333,331
Deficit .....	<u>2,177,244</u>	<u>2,174,587</u>
	(843,913)	(841,256)
	<u>\$ 48,202</u>	<u>\$ 61,347</u>
Approved by the Board:		
J. E. J. FAHLGREN, Director		
ROBERT M. SMITH, Director		



# WILMAR MINES LIMITED

## STATEMENT OF INCOME

Year Ended December 31, 1972  
(with comparative figures for 1971)

Expenses	1972	1971
Administrative .....	\$ 1,552	\$ 1,978
Directors' fees .....	300	475
Depreciation .....	805	948
	<u>2,657</u>	<u>3,401</u>
Costs of bullion production, net of recoveries from sales and Government assistance (note 1) .....		132,224
	<u>2,657</u>	<u>135,625</u>
<b>Loss before the undernoted</b>		
Amortization of deferred development .....		89,162
Interest on advances from parent company .....		62,576
	<u>2,657</u>	<u>287,363</u>
Loss before extraordinary item .....		996,288
Write-off of deferred development (note 1) .....		
<b>Loss for the Year</b> .....	<u>\$ 2,657</u>	<u>\$1,283,651</u>

## STATEMENT OF DEFICIT

Year Ended December 31, 1972  
(with comparative figures for 1971)

	1972	1971
Balance at beginning of year ..	\$2,174,587	\$ 890,936
Loss for the year .....	<u>2,657</u>	<u>1,283,651</u>
<b>Balance at End of Year</b> .....	<u>\$2,177,244</u>	<u>\$2,174,587</u>

# WILMAR MINES LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1972  
(with comparative figures for 1971)

	1972	1971
Source of Funds .....	\$ NIL	\$ NIL
Application of Funds		
Loss before extraordinary item .....	2,657	287,363
Deduct items not involving current funds		
Depreciation .....	(805)	(948)
Amortization of deferred development .....		(89,162)
	1,852	197,253
Decrease in Working Capital Position .....	1,852	197,253
Working Capital Deficiency at Beginning of Year .....	889,498	692,245
Working Capital Deficiency at End of Year .....	\$ 891,350	\$ 889,498

## NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1972

### 1. Discontinuance of Mining Operations

During 1971 the company discontinued active mining operations. As a result \$996,288 of deferred development charges were written off.

### 2. Mining Claims

The recovery of the costs of mining claims is dependent upon the increase and stabilization of the price of gold and the subsequent commencement of mining operations.

### 3. Reclassification of Comparative Figures

The 1971 comparative figures on the statement of income have been reclassified to conform with the financial statement presentation adopted for 1972.

## AUDITORS' REPORT

To the Shareholders of  
WILMAR MINES LIMITED

We have examined the balance sheet of Wilmar Mines Limited as at December 31, 1972 and the statements of income, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada  
February 23, 1973

THORNE, GUNN & CO.,  
Chartered Accountants









AR53

*Martin-McNeely*  
*Mines Limited*

INTERIM REPORT

6  
MONTHS  
ENDED  
June 30, 1972

# MARTIN-McNEELY MINES LIMITED

## CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES (UNAUDITED)

	June 30 1972	June 30 1971
Balance Deferred January 1st .....	\$ 138,834	\$ 356,907
<b>Exploration</b>		
Engineering Fees and other Expenses .....	—	719
<b>Administrative</b>		
Shareholders Information .....	\$ 2,672	\$ 2,280
General Expense .....	521	283
Transfer Agents Fees .....	362	494
Office Rental .....	300	300
General Administrative .....	600	850
Directors Fees .....	350	350
Audit Fees .....	375	625
Office Salary and Expense .....	273	266
	<u>\$ 5,453</u>	<u>\$ 5,448</u>
<b>Total Exploration and Administrative</b> .....	<u>\$ 5,453</u>	<u>\$ 6,167</u>
	\$ 144,287	\$ 363,074
<b>Deduct — Interest and Dividend Revenue</b> .....	2,453	6,550
	<u>\$ 141,834</u>	<u>\$ 356,524</u>
<b>Deferred Balance June 30th</b> .....	<u><u>\$ 141,834</u></u>	<u><u>\$ 356,524</u></u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS (UNAUDITED)

<b>Source of Funds</b>		
Investment Income .....	\$ 2,453	\$ 6,550
Recovery on Syndicate Previously written off .....	848	—
	<u>\$ 3,301</u>	<u>\$ 6,550</u>
<b>Application of Funds</b>		
Exploration and Administrative Expense .....	5,453	6,167
	<u>\$ (2,152)</u>	<u>383</u>
<b>Increase (Decrease) in Working Capital</b> .....	<u>348,850</u>	<u>349,215</u>
<b>Working Capital January 1st</b> .....	<u>\$ 346,698</u>	<u>\$ 349,598</u>
<b>Working Capital June 30th</b> .....	<u><u>\$ 346,698</u></u>	<u><u>\$ 349,598</u></u>